

Exhibit 18

Corporate Compliance Quarterly Report to Board of Directors 3Q09

October 19, 2009

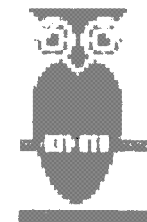
Bert Weinstein

Vice President, Corporate Compliance



Agenda

- Purdue's CIA
 - Update on OIG Communications
 - Completion of Second Reporting Period
 - Monitoring
- State Law Reporting
- Federal Physician Payments Sunshine Act
- Hotline Calls and Other Inquiries
- Pfizer CIA



OIG Communications

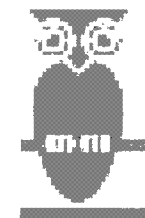
There are currently two outstanding matters with OIG:

- Field Contact Report Matter

Purdue's June 18th letter to OIG detailed our investigation into DM performance issues, the 41 day FCR requirement shortfall, and the extensive corrective actions taken, including employee discipline, New IT Systems, Training, and Sales and Compliance monitoring; all requirements fully met for CIA year 2, ended 7/30/09

- OxyContin Savings Card Investigation

In March, Purdue discovered and investigated representative call notes containing references to savings cards and federal healthcare programs. Use of the savings cards with such programs is unlawful, and explicitly prohibited by the terms of the cards themselves. Letters and calls with OIG have fully explained our investigation, most recently a letter from counsel dated August 4th responding to OIG questions about details of the card program



OIG Communications

On September 17th we telephoned our Monitor concerning the status of the “FCR matter” since we had not heard from OIG since our June 18th letter

■ Monitor Keshia Thompson stated she had been working on letters to Purdue concerning the FCR matter as well as the Savings Card matter

- She appreciated receiving the contact from us
- It was a positive discussion
- And she was impressed to hear of the seriousness Purdue’s sales force and management attached to the matter

■ Still waiting to hear



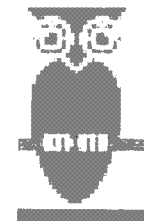
Second Annual Report to OIG

- Purdue's Second Annual Report to the OIG dated 9/25/09 certifies to our compliance with all CIA requirements, including:
 - Updated policies and procedures
 - Code and other CIA training of employees, Board, etc.
 - Disclosure Log information
 - Screening for Excluded Individuals
 - Investigations and Legal Proceedings
 - Material Review Documents
- A copy of the Report (without voluminous attachments) follows these slides – it is FYI only
- Purdue is also in full compliance with its AG Agreements
 - Abuse & Diversion Detection (ADD) training - current
 - HCP letter process – current, monitored quarterly



CIA IRO Review and Report

- Huron completed its Transaction Review for the Second Reporting Period this August
 - Validated databases and processes, and sampled: (1) Sales force-related inquiries handled by Medical Services, and (2) the Promotion Monitoring Forms (Field Contact Reports) prepared by DMs to document observations of sales representative interactions with HCPs
- Compliance reviewed drafts of IRO Transaction Review report, approved final version for inclusion in Purdue's Annual Report to OIG, and completed a Management Response for OIG



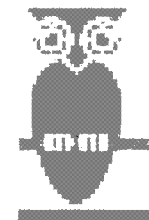
Huron's CIA Transactions Review

- Huron's Transaction Review resulted in 11 non-significant findings, such as:
 - Three comments regarding the manner of making entries into the Medical Services database
 - Two comments on the formatting of Promotion Monitoring Program (PMP) Forms
 - Two comments regarding training of DMs on completion of PMP Forms
- One finding related to the Material Review System – that Purdue did not maintain a complete list of materials approved for reference by sales representatives
- All follow-up activities to be completed no later than 01/31/2010



Huron's CIA Systems Reviews

- During CIA year 2, IRO Huron was also required to perform 9 Systems Reviews. These were performed from February through July, and draft reports were issued, reviewed, and discussed extensively with Huron, covering the following:
 - Provision of Off-Label information about Purdue products
 - Promotional Monitoring Program
 - Sales Force Responses to Questions about Off-Label Uses
 - Interactions of Sales Force, Medical Liaisons, Medical Services
 - Material Review
 - Sales Force Use of Materials
 - Non-Promotional Educational/Informational Sponsorships
 - Disciplinary Actions
 - Employee Compensation



Huron's CIA Systems Reviews

The reports are very detailed and extensively describe the 9 systems. No major findings are noted, and many good observations were made for improvements.

- The following recommendations are good examples of constructive IRO comments:
 - Material Review
 - The IRO noted that the process is a tedious, manual system
 - Lack of controls in place for development of Materials
 - The SOP is difficult to follow
 - There is risk of losing materials and references
 - Discipline Process – The IRO recommended ways for Compliance Officer to have access to Legal department privileged database of employee discipline matters
 - Sales Force Compensation - recommended specific SOP language that compliance failures could impact receipt of sales bonuses



CIA- Sales Promotion Monitoring – 3Q09

Purdue's CIA requires Corporate Compliance to review Field Contact Reports (FCR) with a compliance category rating of "1," indicating less than 100% compliance with Sales SOPs

- 546 FCRs were prepared for 3Q09

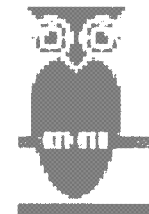
- 53 FCRs had a Compliance Rating of "1"
- 11 of the FCRs required more complete Compliance review
- 4 representatives received warning letters for failing to discard discontinued materials



CIA Medical Services Monitoring – 3Q09

Purdue's CIA requires review of certain HCP inquiries to the Medical Services department regarding sales representative referrals (this reflects OIG's general concern for off-label or improper promotion)

- During 3Q09 there were a total of 7511 Inquiries received by Medical Services concerning all products
 - 837 of these inquiries concerned OxyContin, the Covered Product during CIA year 2
 - 34 of the OxyContin inquiries required review under our CIA because they fell into the CIA specified categories
 - None of these OxyContin inquiries were “suspicious” under the CIA, such as to require thorough investigation to determine if there was improper promotion



State Law Update

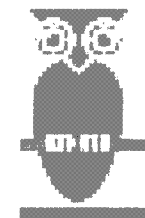
New Massachusetts and Vermont gift and meal restrictions apply to pharmaceutical companies, *including Board members*

- You *may* continue to provide gifts and meals to Massachusetts and Vermont-licensed healthcare professionals with whom you have **personal, non-business relationships**
- The new restrictions apply to your Purdue **business dealings**
 - **Vermont** - ban on meals with Vermont-licensed HCPs who *regularly practice* in Vermont. (Ban does not apply if HCP is not regularly practicing in VT, but still must be reported)
 - **Massachusetts** - meals provided to Massachusetts-licensed HCPs must be *in the HCP's office or a hospital setting*, and must be *accompanied by an "informational presentation"*
 - Meals less than \$50/person/event - not reportable
 - Applies to meals in-state or out-of-state
 - Whether or not expensed to Purdue

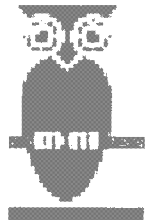


Preparations for Federal Sunshine Act

- Proposed Federal legislation will require pharma companies to report all of their HCP spend nation-wide, on public website
 - Will likely require reporting of all gifts, food, entertainment, travel, honoraria, research funding/grants, samples, education/conference funding, consulting fees, and educational literature from all sources
 - HCPs will have prior opportunity to review
- “Aggregate spend” is a huge industry challenge
- Purdue does a good job of capturing field-based spend on an automated basis, and other elements of spend manually, but
- The entire industry is working hard to develop systems and procedures to ensure accuracy and full preparedness
- Very limited “pre-emption” of state reporting laws



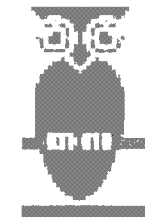
Hotline Calls and Other Inquiries 3Q09



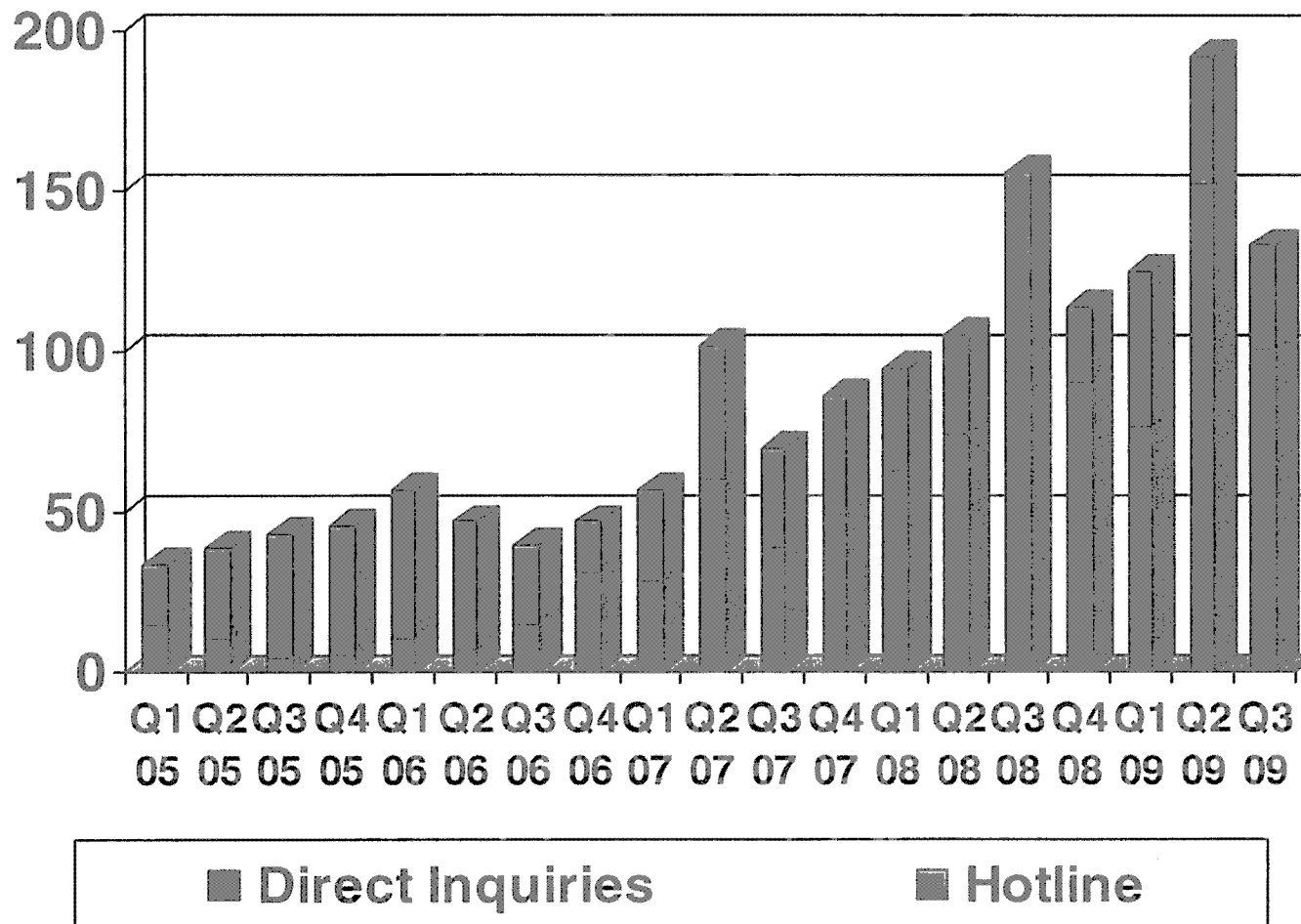
Hotline and Other Inquiries 3Q09

Compliance had 133 “matters” in 3Q09, including:

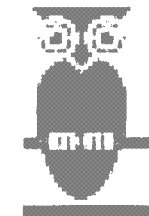
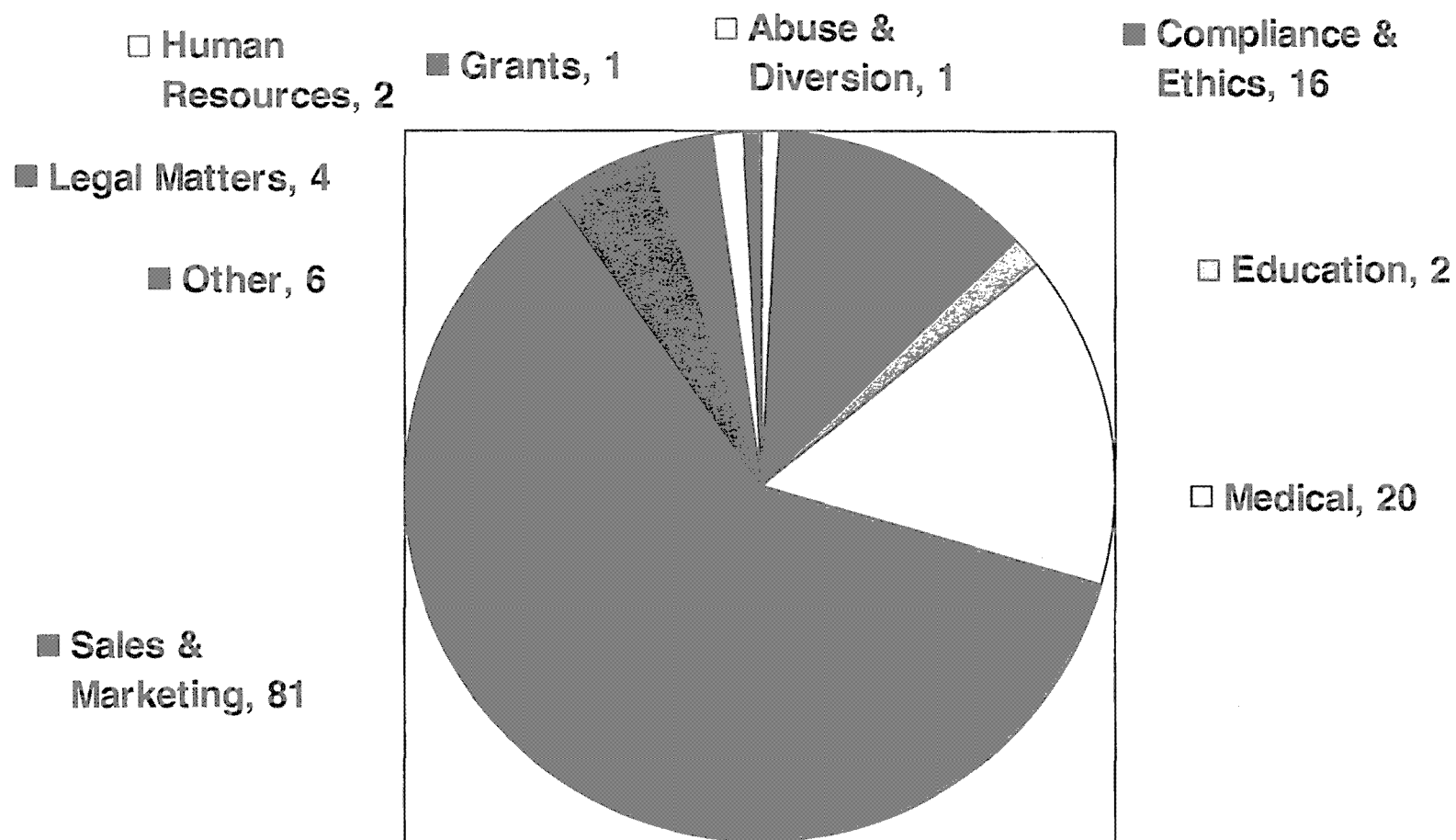
- 81 Sales and Marketing matters relating to promotion, marketing materials, gifts, meals, CIA compliance, grants (note – the majority of these matters are inquiries from reps seeking advance guidance)
- 21 requests from sales reps seeking review of Institutional Policies prior to making sales calls
- 12 employee inquiries reporting potential conflicts of interest, seeking guidance



Inquiries by Quarter (1Q05 – 3Q09)

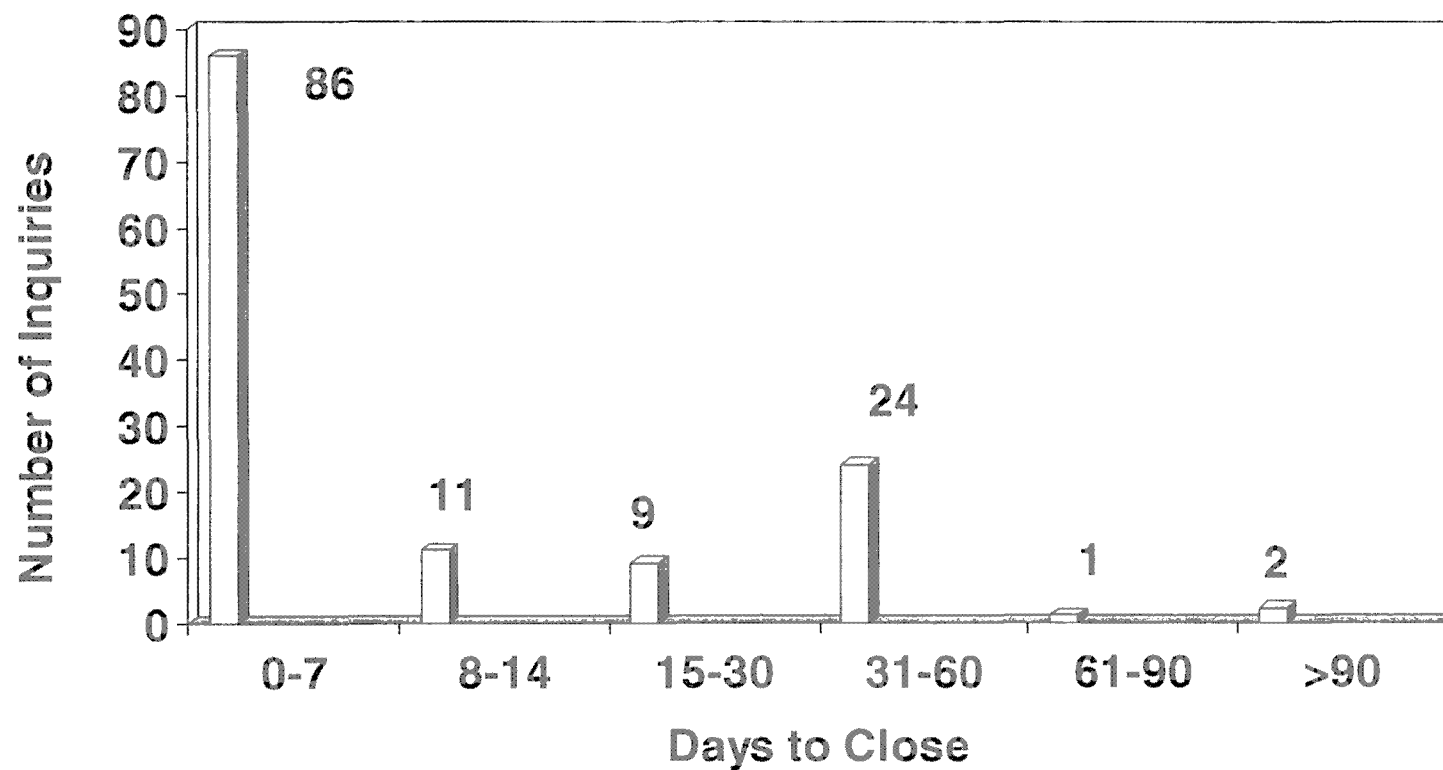


3Q09 Compliance Inquiries



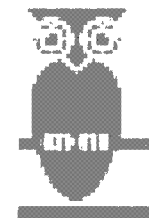
Inquiry Response Time

Days to Close Inquiries 3Q09 (as of 10/7/09)



Pfizer's CIA

- At **\$2.3 Billion** it is the largest settlement by far
- More important, this CIA marks the beginning of highly intrusive and comprehensive government involvement in compliance programs and sales operations:
 - “Government Reimbursed Products” – all covered
 - Audit Committee Compliance Obligations – includes quarterly review, annual resolution, individual sign-off
 - Management Accountability – executives and their reports annually certify to compliance
 - IRO to perform specified promotional and product reviews, with 3 “wild card” reviews selected by OIG each year
 - Risk Assessment and Mitigation Plan (RAMP) Process – semi-annual and intensive review and weighting of compliance risk, by product, with separate outside reviewer



Pfizer's CIA (cont.)

- Field Force Monitoring and Review: including Speaker Monitoring Program, direct field observations, monitoring of records, regional attorneys required directly in the field
- Headquarters monitoring, including consulting, publications, medical education, grants, with specified audits – no sales and marketing involvement or influence - follow up reviews and reporting
- Letters to HCPs about CIA, with Compliance Officer log of inquiries
- Reporting of Physician payments on public website, annual listing – even before Sunshine Act requires
- “Other Transparency” – including, no funding to medical education communication companies, consultant obligations, author compliance, clinical study registry

We expect many more CIAs to come, and that future CIAs will have many of these new provisions

